



MORTGAGE BANKERS ASSOCIATION

January 19, 2024

The Honorable Jason Smith
Chairman
House Committee on Ways and Means
1139 Longworth House Office Building
Washington, D.C. 20515

The Honorable Richard Neal
Ranking Member
House Committee on Ways and Means
1129 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Smith and Ranking Member Neal:

On behalf of the Mortgage Bankers Association (MBA)¹, I wish to offer the real estate finance industry's comments on the Amendment in the Nature of a Substitute ("AINS") to the recently released text of H.R. 7024, the "*Tax Relief for American Families and Workers Act of 2024*," the tax package negotiated by Chairman Smith and Senate Finance Committee Chairman Ron Wyden scheduled for markup in the House Ways and Means Committee on Friday.

MBA commends Chairmen Smith and Wyden for their work to develop the package embodied via the text of the AINS to H.R. 7024. Our members have long supported the goal of enacting tax provisions designed to spur job creation and economic growth, while maintaining appropriate incentives for the efficient financing of real estate transactions – for both renters and homeowners alike. Beyond our members' concern regarding changes that materially impact families and individual business operations, they continue to support the consideration of any tax changes specifically designed to address our nation's housing affordability crisis.

TITLE V – MORE AFFORDABLE HOUSING – Sections 501 and 502

MBA strongly supports Title V of the bill, which (1) restores the Low Income Housing Tax Credit (LIHTC) ceiling increase from 9 percent to 12.5 percent for calendar years 2023 through 2025, thereby allowing states to allocate more credits for affordable housing projects, and (2) temporarily lowers the Private Activity Bond (PAB) threshold

¹ The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 390,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets, to expand homeownership, and to extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of more than 2,000 companies includes all elements of real estate finance: independent mortgage banks, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies, credit unions, and others in the mortgage lending field. For additional information, visit MBA's website: www.mba.org.

test from 50 percent to 30 percent for 4 Percent LIHTC property projects with an issue date prior to 2026.

Importantly, these changes, which include a key transition rule for buildings that have already received a portion of the bond authority they need to benefit from the 30 percent test, and also provide that acquisition/rehabilitation buildings in which the acquisition aspect of a development was placed in service prior to yearend 2023, will serve as a catalyst to help produce an estimated 200,000 new multifamily units nationwide over the next two years.

TITLE II – AMERICAN INNOVATION AND GROWTH – Section 202

Section 202 extends the *Tax Cuts and Jobs Act (TCJA)* method of calculating adjusted gross income for the purpose of applying the limitation on business interest deductibility. **MBA supports this section of the bill.** MBA was pleased that the tax changes in 2017 preserved business interest deductibility for real estate, as that provision has helped the cost of financing for commercial real estate activity remain affordable.

Conclusion

We recognize that the markup of H.R. 7024 is the first step in a lengthier discussion between the House, Senate, and the administration on tax matters in the coming weeks. As such, **MBA supports the bill**, urges members of the Committee to vote in favor of the AINS to H.R. 7024, and looks forward to collaborating with you both during this ongoing debate on the proposal to ensure that Americans, whether they own or rent, continue to have increased, sustainable access to the housing choices that best meets their needs.

Sincerely,



Bill Killmer
Senior Vice President
Legislative and Political Affairs

cc: All Members, House Committee on Ways and Means